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RUEHXS/ASEAN COLLECTIVE IMMEDIATE  
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 5845  
RUCPDOG/USDOC WASHDC IMMEDIATE  
RHHMUNA/CDRUSPACOM HONOLULU HI IMMEDIATE  
RUEKJCS/JOINT STAFF WASHINGTON DC IMMEDIATE  
RUEHLMC/MCC WASHINGTON DC IMMEDIATE  
RUEKJCS/SECDEF WASHDC//OSD/ISA/AP IMMEDIATE

UNCLAS SECTION 01 OF 02 MANILA 003491

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SUBJECT: SENATOR INOUE'S VISIT: OVERVIEW

REF: MANILA 3472

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Accordingly.

MANILA 00003491 001.2 OF 002

¶1. Summary. During Senator Daniel K. Inouye's August 11 - 15 visit to the Philippines, he traveled to Zamboanga and dined with President Arroyo (see Reftel); met U.S. business leaders; and, called on the President of the Senate, the Speaker of the House, and Defense Secretary Cruz. Given the Senator's work on behalf of Filipino veterans and long contact with the Philippines (his first visit was in 1962), Senator Inouye's visit was a sensation. He received achievement awards from President Arroyo (Order of Lakandula), Speaker of the House de Venecia (Congressional Medal of Achievement), and Secretary of National Defense Cruz (Outstanding Achievement Medal). End Summary.

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U.S. BUSINESS LEADERS  
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¶2. (U) Senator Inouye discussed opportunities and challenges for business in the Philippines during a luncheon meeting with selected members of the local American Chamber of Commerce. Business leaders commented on positive factors impacting their local operations including the country's steady economic growth of more than 5%, the strong flow of remittances from Filipinos living abroad, the expansion of tourism by 20% per year, the proliferation of call centers throughout the country, and the resurgence of the mineral extraction industry. Participants raised concerns about the sluggish and unpredictable judicial system and its inability to impose swift convictions on corrupt officials, as well as cumbersome government regulations and legislation that stifle business expansion. The business leaders noted, however, that Finance Secretary Favila had requested a list of "red tape" inhibitors to

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business in the wake of the President's State of the Nation Address that focused on economic development. They are busy compiling responses and hope for swift Philippine government action.

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U.S. - FILIPINO FRIENDSHIP  
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13. (U) Senator Inouye and his staff attended a gala dinner hosted by former Philippines Ambassador to the U.S. Albert Del Rosario. Here and on other occasions, Senator Inouye pledged to try to resolve the long-standing veterans' benefits issue. (Note: Filipino veterans who fought under the U.S. flag in WW II are not eligible for the full compliment of VA benefits. Their most notable cause is to change the current USG law which provides benefits to qualified Filipino Veterans residing in the Philippines at a rate of fifty cents on the dollar. End Note.) Senator Inouye described the joint U.S.-Philippines civil-military counter-terrorism efforts he had observed in Mindanao. He told participants of the effusive welcome he had received from Muslim youth, and the sight of Muslims and Christians, Filipinos and Americans united in an effort to bring peace to that region; this experience filled him with hope and optimism for a secure and prosperous future. Among those attending were Majority Leader Senator Pangalinan, former Senate President Drilon, Senator Recto, Senator Biazon, House Speaker de Venecia, Energy Secretary Lotilla, Defense Undersecretary Carolina, and representatives from the private sector.

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VETERANS AT RECEPTION  
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14. Senator Inouye was the guest of honor at a well-attended reception hosted by Charge for Filipino and U.S. veterans, senior Philippine government, military, and congressional leaders, and U.S. and Filipino business representatives. After many poignant personal interactions with veterans and old friends, Senator Inouye spoke movingly of his commitment to Philippine-American friendship and our alliance, as well as continuing to work on benefits for Filipino veterans who served with the U.S. Armed Forces during WW II.

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SENATE PRESIDENT VILLAR  
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15. (SBU) Senator Inouye and his staff met with Senate President

MANILA 00003491 002.2 OF 002

Villar on August 14, together with the Charge. Senator Inouye said he was inspired by the Philippines efforts to combat terrorism through the linkage of military and civil programs, and proud of U.S. assistance to these efforts. The Senators discussed a variety of issues, including the new China-U.S. Inter-parliamentary Congress, the move toward Charter Change in the Philippines and the pros and cons of unicameral and bicameral systems. They also discussed the Philippines' pending Anti-Terrorism Bill, Philippine Defense Reform, and the current state of the economy.

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DEFENSE SECRETARY CRUZ  
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16. (SBU) Senator Inouye and Charge met with the Secretary of National Defense Avelino Cruz on August 14. Secretary Cruz led a briefing on Philippine Defense Reform, explaining that defense reform was gaining traction on the ground, with junior and mid-grade officers realizing that their input could bring about real change and improve systems. Senator Inouye remarked that he was extremely pleased and impressed by GRP progress on defense reform and congratulated Secretary Cruz for his leadership.

17. (U) At the conclusion of Senator Inouye's visit to the Department of National Defense, Secretary Cruz awarded him the Outstanding Achievement Medal, in recognition of his support for veterans' benefits for Filipinos who fought with U.S. forces during WW II.

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HOUSE SPEAKER DE VENECIA  
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18. (U) Senator Inouye and Charge met with, and then attended a lunch hosted by, Speaker de Venecia on August 15. De Venecia lauded

Inouye's long time support of the Philippine-U.S. partnership. He said his current priorities were a U.S.-Philippine Free Trade Agreement and a global or regional anti-terrorism summit, in the wake of the London aircraft bombing plot, which might coincide with the December 2006 ASEAN summit in Cebu.

¶9. (U) Speaker de Venecia presented Senator Inouye with the Congressional Award of Achievement in recognition of his unrelenting support of Filipino Veterans and his efforts to nurture the relationship between U.S. and Filipino legislatures. Senator Inouye remarked he was deeply moved by the award and reiterated that he would continue to fight for full benefits for Filipino Veterans. Many high-ranking officials such as former President Ramos, Executive Secretary Ermita, Ombudsman Gutierrez, Central Bank Governor Tetangco and Secretary of Justice Gonzalez attended the award ceremony and luncheon to honor the Senator.

¶10. (U) Senator Inouye did not have the opportunity to clear this message.

JONES